

**LOUISIANA HORSEMEN'S BENEVOLENT
and PROTECTIVE ASSOCIATION 1993, INC.
HORSEMEN'S BOOKKEEPER ACCOUNT
March 31, 2006**

Audits of Financial Statements

**March 31, 2006
and
March 31, 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

9/5/07

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Board of Directors

Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.
Horsemen's Bookkeeper Account

Independent Auditor's Report

We have audited the accompanying statements of financial position of the **Horsemen's Bookkeeper Account (Horsemen's Bookkeeper)** of the **LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.** (a non-profit organization) as of March 31, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the **Horsemen's Bookkeeper** management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Horsemen's Bookkeeper Account** of the **LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.** as of March 31, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2007, on our consideration of the **Horsemen's Bookkeeper Account** of the **LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.**'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A Professional Accounting Corporation

July 27, 2007

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**LOUISIANA HORSEMEN'S BENEVOLENT
and PROTECTIVE ASSOCIATION 1993, INC.
HORSEMEN'S BOOKKEEPER ACCOUNT
STATEMENTS OF FINANCIAL POSITION**

ASSETS

	March 31,	
	<u>2006</u>	<u>2005</u>
Cash and Cash Equivalents	\$ 7,766,746	\$ 12,061,121
Total Assets	<u>\$ 7,766,746</u>	<u>\$ 12,061,121</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Due to Horsemen	\$ 7,766,746	\$ 12,061,121
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NET ASSETS

	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 7,766,746</u>	<u>\$ 12,061,121</u>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA HORSEMEN'S BENEVOLENT
and PROTECTIVE ASSOCIATION 1993, INC.
HORSEMEN'S BOOKKEEPER ACCOUNT
STATEMENTS OF ACTIVITIES**

	For the Years Ended March 31,	
	2006	2005
REVENUES		
Purses	\$ 62,954,476	\$ 74,559,348
Owner/Trainer Deposits	5,894,611	12,507,407
Interest Income	191,207	268,985
Jockey Payroll Administrative Income	5,295	8,768
Pony Lead Fees	178,480	208,750
Louisiana Quarterhorse Breeders Association - Video Poker Funds	<u>1,725,800</u>	<u>2,860,627</u>
Total Revenues	<u>70,949,869</u>	<u>90,413,885</u>
EXPENSES		
Program Services:		
Owner/Trainer Distributions	64,773,806	81,886,576
Jockey Payroll / Jockey Guild	5,477,810	7,261,470
2% Commissions - LTBA/LQHBA Breeder Awards	318,446	777,561
LHBPA - Interest Transfer to 1993, Inc.	191,207	268,985
LHBPA - Pony Lead Fees - Horsemen's Pension Trust	178,480	208,750
LHBPA - Jockey Payroll Administrative Fee - 1993, Inc.	5,295	8,768
Bank Charges	<u>1,825</u>	<u>1,775</u>
Total Expenses	<u>70,946,869</u>	<u>90,413,885</u>
CHANGES IN NET ASSETS	-	-
NET ASSETS, BEGINNING OF YEAR	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA HORSEMEN'S BENEVOLENT
and PROTECTIVE ASSOCIATION 1993, INC.
HORSEMEN'S BOOKKEEPER ACCOUNT
STATEMENTS OF CASH FLOWS**

	For the Years Ended March 31,	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ -	\$ -
Adjustments to Reconcile Changes in Net Assets to Net Cash (Used in) Operating Activities:		
(Decrease) in Due to Horsemen	<u>(4,294,375)</u>	<u>(5,173,610)</u>
Net Cash (Used in) Operating Activities	<u>(4,294,375)</u>	<u>(5,173,610)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(4,294,375)	5,173,610
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>12,061,121</u>	<u>6,887,511</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 7,766,746</u>	<u>\$ 12,061,121</u>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA HORSEMEN'S BENEVOLENT
and PROTECTIVE ASSOCIATION 1993, INC.
HORSEMEN'S BOOKKEEPER ACCOUNT
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND OPERATIONS

The **LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION 1993, INC.** is a non-profit organization which has been recognized as an authorized representative that shall represent member and other horsemen racing at licensed race meetings held in the State of Louisiana for the purpose of, but not limited to, negotiating contracts for such horsemen with all racing associations licensed by the State of Louisiana, relative to purses, hospitalization, medical benefits, conditions, and all other matters of interest and concern to such horsemen.

At each race meeting conducted in the State of Louisiana pursuant to the provisions of the Louisiana State Racing Commission, there shall be a bookkeeper for the collection, disbursement, and investment of monies belonging to horsemen licensed at such a race meeting that shall be known as the **Horsemen's Bookkeeper**. The **Horsemen's Bookkeeper** shall be bonded, selected, and employed by the authorized representative of horsemen racing in the State of Louisiana, the **LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.**

Each association conducting a race meeting shall provide a separate office for the **Horsemen's Bookkeeper** who shall collectively keep a separate bank account for the horsemen's monies to be known as the "**Horsemen's Bookkeeper Account**".

At all times the **Horsemen's Bookkeeper Account** shall have on deposit funds sufficient to cover all monies due horsemen with regard to daily purses, jockey fees, stakes, handicaps, rewards, claims, deposits, monies, if any, for horsemen's medical and hospital benefit programs, and any pony lead fees.

Except for interest earned on the investment of monies in the **Horsemen's Bookkeeper Account**, and that portion of a pony lead fee as authorized and assessed by the representative of horsemen in the state to provide retirement benefits to horsemen and to pay its administrative and operating costs, withdrawals from the account shall be only for those purposes provided in the above paragraph.

The interest earned on the investment of monies in the **Horsemen's Bookkeeper Account** and that portion of a pony lead fee as provided for above shall be collected by the **Horsemen's Bookkeeper** and paid, in due course, to the **LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.**

After first paying the expenses and other charges necessary to operate the offices of the **Horsemen's Bookkeeper**, the interest earned on the investment of monies in the **Horsemen's Bookkeeper Account** by the **LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.** shall be used by it for the benefit of horsemen racing in the state.

**LOUISIANA HORSEMEN'S BENEVOLENT
and PROTECTIVE ASSOCIATION 1993, INC.
HORSEMEN'S BOOKKEEPER ACCOUNT
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ORGANIZATION AND OPERATIONS (Continued)

The account shall at all times be subject to audit by the legislative auditor or by a certified public accountant approved by the legislative auditor, the expenses of such audit to be paid by the **LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.**

BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the **Horsemen's Bookkeeper** is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Due to the nature of the **Horsemen's Bookkeeper** operations, net assets are always expected to be non-existent, therefore, a balance of zero.

CASH EQUIVALENTS

For reporting purposes, the **Horsemen's Bookkeeper Account** considers all highly liquid debt instruments with maturity of three months or less to be considered cash equivalents.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RECLASSIFICATIONS

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE B

2% COMMISSIONS - LTBA/LQHBA BREEDER AWARDS

As prescribed by state law, each licensee conducting race meetings, for which supplements for purses are provided, shall withhold two percent of the total supplemental purses. These funds are forwarded, by the licensee, to the **Horsemen's Bookkeeper**, who in turn disburses these exact funds to the **Horsemen's Bookkeeper Account** of the **LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC. (LTBA)** and the Louisiana Quarter Horse Breeders Association (LQHBA).

NOTE C

CONCENTRATION OF CREDIT RISK

At March 31, 2006 and 2005, the **Bookkeeper** had funds deposited in financial institutions in excess of the \$100,000 FDIC guaranteed limits.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors

**Horsemen's Bookkeeper Account of the LOUISIANA HORSEMEN'S BENEVOLENT and
PROTECTIVE ASSOCIATION 1993, INC.**

We have audited the financial statements of the **Horsemen's Bookkeeper Account of the LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION 1993, INC.** (a non-profit organization) as of and for the years ended March 31, 2006 and 2005, and have issued our report thereon dated July 27, 2007. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Horsemen's Bookkeeper Account of the LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION 1993, INC.**'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the **BOOKKEEPER's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the **BOOKKEEPER's** internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Horsemen's Bookkeeper Account of the LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION 1993, INC.**'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of non-compliance that is required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the Legislative Auditor of the State of Louisiana, the **Horsemen's Bookkeeper Account of the LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION 1993, INC.**'s management and Board of Directors and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

July 27, 2007

**LOUISIANA HORSEMEN'S BENEVOLENT
and PROTECTIVE ASSOCIATION 1993, INC.
HORSEMEN'S BOOKKEEPER ACCOUNT
SCHEDULE OF FINDINGS
For the Year Ended March 31, 2006**

FINDINGS – FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

06 – 1 Non-compliance issue and failure to comply with state law.

Condition: Failure to timely file audit report as required by Louisiana Revised Statute 24:513 and 24:514.

Cause: As a result of Hurricane Katrina, additional resources and time were required to complete the audit.

Effect: Non-compliance issue and failure to comply with state law.

Recommendation: The audit report should be filed timely as required by state law.

Corrective Action : see page 11

**LOUISIANA HORSEMEN'S BENEVOLENT
AND PROTECTIVE ASSOCIATION 1993, INC.
HORSEMEN'S BOOKKEEPER ACCOUNT
SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended March 31, 2005**

FINDINGS - FINANCIAL REPORTING

05 – 1 Non-compliance issue and failure to comply with state law

Condition: Failure to timely file audit report as required by Louisiana Revised Statute 24:513 and 24:514.

Recommendation: The audit report should be filed timely as required by state law.

Current Status: This non-compliance issue was due to Hurricane Katrina and not a reflection of the entity.

CORRECTIVE ACTION PLAN

The Horsemen's Bookkeeper Account of the **LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.** respectfully submits the following corrective action plan for the year ended March 31, 2006. The finding from the schedule of findings is discussed below. The finding is numbered consistently with the number assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

06 – 1 Non-compliance issue and failure to comply with state law

Description of Finding: Failure to timely file audit report as required by Louisiana Revised Statute 24:513 and 24:514.

Corrective Action Plan: Management has the responsibility to ensure the audit reports are timely filed and will be in compliance absent a catastrophic event that destroys its accounting records.

Contact Person: Mona Romero

Completion Date: July 27, 2007